



**PUTNAM COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-66
August 27, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Putnam, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Putnam County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Putnam County's Associate County Commissioners salaries were each increased approximately \$5,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,000 for the two years ended December 31, 2000, should be repaid.

The audit also includes matters relating to the County Hospital's financial condition and the county's annual published financial statements. The county should consider these matters and take appropriate corrective action.

Copies of the audit are available upon request.

YELLOW SHEET

PUTNAM COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Putnam County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 21, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 21, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Liang Xu
	Lucinda Elliott



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Putnam County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Putnam County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 21, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 84,051	417,412	432,622	68,841
Special Road and Bridge	176,443	990,072	963,652	202,863
Assessment	5,723	74,688	79,072	1,339
Law Enforcement Training	676	1,389	1,781	284
Prosecuting Attorney Training	694	369	263	800
Health Center	47,342	239,655	242,426	44,571
Law Enforcement Sales Tax	27,082	222,662	231,898	17,846
Local Emergency Planning Commission	13,279	3,069	373	15,975
K-9 & Poor	489	1,301	1,266	524
Domestic Violence	1	189	189	1
Prosecuting Attorney Bad Check	7,479	4,963	3,329	9,113
Recorder User Fees	7,086	2,690	0	9,776
Special Police Training	0	609	609	0
Enhanced 911	123,340	123,554	89,808	157,086
Associate Circuit Division Interest	739	327	583	483
Circuit Clerk Interest	2,341	325	0	2,666
Local Law Enforcement Block Grant	1	0	0	1
Law Library	184	2,784	2,280	688
Total	\$ 496,950	2,086,058	2,050,151	532,857

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 83,129	407,818	406,896	84,051
Special Road and Bridge	189,205	731,772	744,534	176,443
Assessment	553	70,396	65,226	5,723
Law Enforcement Training	828	1,381	1,533	676
Prosecuting Attorney Training	1,028	387	721	694
Health Center	51,290	253,635	257,583	47,342
Law Enforcement Sales Tax	24,491	214,175	211,584	27,082
Local Emergency Planning Commission	0	14,397	1,118	13,279
K-9 & Poor	745	2,026	2,282	489
Domestic Violence	340	251	590	1
Prosecuting Attorney Bad Check	4,952	4,815	2,288	7,479
Recorder User Fees	5,895	3,191	2,000	7,086
Special Police Training	0	773	773	0
Enhanced 911	8,185	115,904	749	123,340
Associate Circuit Division Interest	885	242	388	739
Circuit Clerk Interest	1,894	447	0	2,341
Local Law Enforcement Block Grant	10	1,513	1,522	1
Law Library	377	2,629	2,822	184
Total	\$ 373,807	1,825,752	1,702,609	496,950

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,102,227	2,083,274	(18,953)	1,972,852	1,821,610	(151,242)
DISBURSEMENTS	2,306,604	2,047,871	258,733	1,998,312	1,698,265	300,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	(204,377)	35,403	239,780	(25,460)	123,345	148,805
CASH, JANUARY 1	496,765	496,765	0	375,019	373,420	(1,599)
CASH, DECEMBER 31	292,388	532,168	239,780	349,559	496,765	147,206
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	200,000	187,284	(12,716)	180,000	192,560	12,560
Sales taxes	121,000	138,146	17,146	109,500	120,375	10,875
Intergovernmental	8,681	5,716	(2,965)	5,205	13,563	8,358
Charges for services	57,209	49,870	(7,339)	55,814	52,254	(3,560)
Interest	9,000	7,924	(1,076)	11,000	8,543	(2,457)
Other	23,394	28,472	5,078	19,728	20,523	795
Transfers in	28,545	0	(28,545)	24,435	0	(24,435)
Total Receipts	447,829	417,412	(30,417)	405,682	407,818	2,136
DISBURSEMENTS						
County Commission	69,121	67,517	1,604	69,121	69,152	(31)
County Clerk	58,691	59,977	(1,286)	56,024	54,224	1,800
Elections	26,054	26,913	(859)	6,240	7,159	(919)
Buildings and grounds	47,550	43,336	4,214	71,650	35,423	36,227
Employee fringe benefits	26,139	24,883	1,256	30,676	29,780	896
County Treasurer and Ex Officio						
County Collector	32,446	31,972	474	30,508	28,013	2,495
Circuit Clerk and Ex Officio						
Recorder of Deeds	26,071	25,162	909	28,215	21,430	6,785
Associate Circuit Court	7,725	5,177	2,548	10,681	7,931	2,750
Associate Circuit (Probate)	900	871	29	900	305	595
Court administration	1,244	2,783	(1,539)	1,709	979	730
Public Administrator	11,311	10,560	751	10,761	10,725	36
Prosecuting Attorney	68,509	69,652	(1,143)	62,915	61,609	1,306
Juvenile Officer	10,832	5,575	5,257	21,383	15,484	5,899
County Coroner	3,704	3,639	65	3,704	3,616	88
Other	62,588	53,405	9,183	59,100	57,260	1,840
Public health and welfare services	1,200	1,200	0	1,200	1,200	0
Emergency Fund	16,329	0	16,329	13,520	2,606	10,914
Total Disbursements	470,414	432,622	37,792	478,307	406,896	71,411
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,585)	(15,210)	7,375	(72,625)	922	73,547
CASH, JANUARY 1	84,051	84,051	0	82,992	83,129	137
CASH, DECEMBER 31	61,466	68,841	7,375	10,367	84,051	73,684

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	30,000	27,821	(2,179)	25,000	26,134	1,134
Intergovernmental	909,000	942,382	33,382	859,000	683,459	(175,541)
Interest	12,000	10,566	(1,434)	16,000	12,235	(3,765)
Other	10,500	9,303	(1,197)	14,500	9,944	(4,556)
Total Receipts	961,500	990,072	28,572	914,500	731,772	(182,728)
DISBURSEMENTS						
Salaries	86,424	86,424	0	83,833	83,833	0
Employee fringe benefits	12,512	10,938	1,574	11,313	11,326	(13)
Supplies	6,100	1,179	4,921	7,550	2,229	5,321
Insurance	1,500	1,500	0	3,000	689	2,311
Road and bridge materials	451,000	407,571	43,429	331,000	364,687	(33,687)
Equipment repairs	12,000	67	11,933	11,000	684	10,316
Rentals	1,200	1,300	(100)	1,200	1,200	0
Construction, repair, and maintenance	460,000	427,237	32,763	400,000	248,263	151,737
Other	50,200	27,436	22,764	40,600	31,623	8,977
Transfers out	28,845	0	28,845	27,435	0	27,435
Total Disbursements	1,109,781	963,652	146,129	916,931	744,534	172,397
RECEIPTS OVER (UNDER) DISBURSEMENTS	(148,281)	26,420	174,701	(2,431)	(12,762)	(10,331)
CASH, JANUARY 1	176,443	176,443	0	188,928	189,205	277
CASH, DECEMBER 31	28,162	202,863	174,701	186,497	176,443	(10,054)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	83,012	68,182	(14,830)	79,000	69,066	(9,934)
Charges for services	100	264	164	200	205	5
Interest	500	772	272	600	775	175
Other	390	470	80	765	350	(415)
Transfers in	7,588	5,000	(2,588)	10,000	0	(10,000)
Total Receipts	91,590	74,688	(16,902)	90,565	70,396	(20,169)
DISBURSEMENTS						
Assessor	91,590	79,072	12,518	78,646	65,226	13,420
Total Disbursements	91,590	79,072	12,518	78,646	65,226	13,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(4,384)	(4,384)	11,919	5,170	(6,749)
CASH, JANUARY 1	5,723	5,723	0	551	553	2
CASH, DECEMBER 31	5,723	1,339	(4,384)	12,470	5,723	(6,747)

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,389	(111)	2,000	1,381	(619)
Total Receipts	1,500	1,389	(111)	2,000	1,381	(619)
DISBURSEMENTS						
Sheriff	1,500	1,781	(281)	2,000	1,533	467
Total Disbursements	1,500	1,781	(281)	2,000	1,533	467
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(392)	(392)	0	(152)	(152)
CASH, JANUARY 1	676	676	0	825	828	3
CASH, DECEMBER 31	676	284	(392)	825	676	(149)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	500	369	(131)	500	387	(113)
Total Receipts	500	369	(131)	500	387	(113)
DISBURSEMENTS						
Prosecuting Attorney	500	263	237	500	721	(221)
Total Disbursements	500	263	237	500	721	(221)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	106	106	0	(334)	(334)
CASH, JANUARY 1	694	694	0	0	1,028	1,028
CASH, DECEMBER 31	694	800	106	0	694	694
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	75,400	73,746	(1,654)	73,500	78,648	5,148
Intergovernmental	170,718	154,653	(16,065)	183,850	164,537	(19,313)
Charges for services	3,000	3,712	712	3,500	3,030	(470)
Interest	3,800	3,258	(542)	3,500	3,698	198
Other	4,200	4,286	86	11,250	3,722	(7,528)
Total Receipts	257,118	239,655	(17,463)	275,600	253,635	(21,965)
DISBURSEMENTS						
Salaries	193,000	189,890	3,110	189,000	179,445	9,555
Office expenditures	25,790	25,507	283	26,767	26,600	167
Equipment	500	0	500	500	0	500
Travel	7,800	7,329	471	7,556	6,607	949
Professional services	27,178	16,853	10,325	51,777	40,684	11,093
Women, infants, and children	2,850	2,847	3	0	4,247	(4,247)
Total Disbursements	257,118	242,426	14,692	275,600	257,583	18,017
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(2,771)	(2,771)	0	(3,948)	(3,948)
CASH, JANUARY 1	47,342	47,342	0	51,290	51,290	0
CASH, DECEMBER 31	47,342	44,571	(2,771)	51,290	47,342	(3,948)

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	133,700	138,618	4,918	126,500	133,706	7,206
Intergovernmental	2,900	5,245	2,345	8,050	15,118	7,068
Charges for services	70,100	77,246	7,146	66,500	64,550	(1,950)
Interest	700	1,553	853	0	801	801
Total Receipts	207,400	222,662	15,262	201,050	214,175	13,125
DISBURSEMENTS						
Salaries	160,686	159,251	1,435	152,354	143,384	8,970
Office expense	8,310	7,947	363	6,640	8,805	(2,165)
Vehicle expense	31,081	29,730	1,351	30,582	30,978	(396)
Other	29,550	34,970	(5,420)	35,550	28,417	7,133
Total Disbursements	229,627	231,898	(2,271)	225,126	211,584	13,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,227)	(9,236)	12,991	(24,076)	2,591	26,667
CASH, JANUARY 1	27,082	27,082	0	24,385	24,491	106
CASH, DECEMBER 31	4,855	17,846	12,991	309	27,082	26,773
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,000	2,367	367	2,000	2,444	444
Interest	0	702	702	0	0	0
Transfers in	0	0	0	0	11,953	11,953
Total Receipts	2,000	3,069	1,069	2,000	14,397	12,397
DISBURSEMENTS						
Postage	64	100	(36)	32	33	(1)
Equipment	0	260	1,240	7,000	0	7,000
Training & mileage	1,500	13	(13)	500	1,085	(585)
Total Disbursements	1,564	373	1,191	7,532	1,118	6,414
RECEIPTS OVER (UNDER) DISBURSEMENTS	436	2,696	2,260	(5,532)	13,279	18,811
CASH, JANUARY 1	13,279	13,279	0	11,953	0	(11,953)
CASH, DECEMBER 31	13,715	15,975	2,260	6,421	13,279	6,858
<u>K-9 & POOR FUND</u>						
RECEIPTS						
Intergovernmental	3,000	1,301	(1,699)	350	2,026	1,676
Interest	0	0	0	10	0	(10)
Total Receipts	3,000	1,301	(1,699)	360	2,026	1,666
DISBURSEMENTS						
K-9 care & food	3,000	1,266	1,734	400	2,282	(1,882)
Total Disbursements	3,000	1,266	1,734	400	2,282	(1,882)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	35	35	(40)	(256)	(216)
CASH, JANUARY 1	489	489	0	157	745	588
CASH, DECEMBER 31	489	524	35	117	489	372

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	250	189	(61)	300	251	(49)
Total Receipts	250	189	(61)	300	251	(49)
DISBURSEMENTS						
Shelters	250	189	61	600	590	10
Total Disbursements	250	189	61	600	590	10
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(300)	(339)	(39)
CASH, JANUARY 1	1	1	0	339	340	1
CASH, DECEMBER 31	1	1	0	39	1	(38)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	6,000	4,963	(1,037)	6,000	4,815	(1,185)
Total Receipts	6,000	4,963	(1,037)	6,000	4,815	(1,185)
DISBURSEMENTS						
Statutes and law books	1,000	0	1,000	0	168	(168)
Equipment	4,000	2,829	1,171	5,500	1,620	3,880
Other	500	500	0	500	500	0
Total Disbursements	5,500	3,329	2,171	6,000	2,288	3,712
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,634	1,134	0	2,527	2,527
CASH, JANUARY 1	7,479	7,479	0	4,938	4,952	14
CASH, DECEMBER 31	7,979	9,113	1,134	4,938	7,479	2,541
<u>RECORDER USER FEES FUND</u>						
RECEIPTS						
Charges for services	3,000	2,690	(310)	3,500	3,191	(309)
Total Receipts	3,000	2,690	(310)	3,500	3,191	(309)
DISBURSEMENTS						
Bookbinding	2,000	0	2,000	2,000	2,000	0
Equipment	0	0	0	2,070	0	2,070
Total Disbursements	2,000	0	2,000	4,070	2,000	2,070
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	2,690	1,690	(570)	1,191	1,761
CASH, JANUARY 1	7,086	7,086	0	5,878	5,895	17
CASH, DECEMBER 31	8,086	9,776	1,690	5,308	7,086	1,778

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL POLICE TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	800	609	(191)	600	773	173
Total Receipts	800	609	(191)	600	773	173
DISBURSEMENTS						
State training fund	800	609	191	600	773	(173)
Total Disbursements	800	609	191	600	773	(173)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Sales taxes	119,000	121,331	2,331	68,000	115,904	47,904
Interest	0	2,223	2,223	0	0	0
Total Receipts	119,000	123,554	4,554	68,000	115,904	47,904
DISBURSEMENTS						
Salaries	27,500	2,623	24,877	0	0	0
Meetings and training	2,000	666	1,334	620	610	10
Office expenses	1,300	2,087	(787)	200	139	61
Equipment	3,500	1,261	2,239	0	0	0
Consultant fees	90,790	82,790	8,000	0	0	0
Telephone expense	1,200	381	819	0	0	0
Other	6,000	0	6,000	80	0	80
Total Disbursements	132,290	89,808	42,482	900	749	151
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,290)	33,746	47,036	67,100	115,155	48,055
CASH, JANUARY 1	123,340	123,340	0	0	8,185	8,185
CASH, DECEMBER 31	110,050	157,086	47,036	67,100	123,340	56,240
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	240	327	87	1,245	242	(1,003)
Total Receipts	240	327	87	1,245	242	(1,003)
DISBURSEMENTS						
Equipment	170	583	(413)	300	388	(88)
Total Disbursements	170	583	(413)	300	388	(88)
RECEIPTS OVER (UNDER) DISBURSEMENTS	70	(256)	(326)	945	(146)	(1,091)
CASH, JANUARY 1	739	739	0	889	885	(4)
CASH, DECEMBER 31	809	483	(326)	1,834	739	(1,095)

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	325	(175)	950	447	(503)
Total Receipts	500	325	(175)	950	447	(503)
DISBURSEMENTS						
Shelving	500	0	500	0	0	0
Equipment	0	0	0	800	0	800
Total Disbursements	500	0	500	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	325	325	150	447	297
CASH, JANUARY 1	2,341	2,341	0	1,894	1,894	0
CASH, DECEMBER 31	\$ 2,341	2,666	325	2,044	2,341	297

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PUTNAM COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Local Law Enforcement Block Grant and Law Library Funds for the years ended December 31, 2000 and 1999.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest	2000 and 1999
Law Enforcement Training	2000
Law Enforcement Sales Tax	2000

Prosecuting Attorney Training	1999
K-9 and Poor	1999
Special Police Training	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2000 and 1999, did not include the Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

At December 31, 2000, the reported amount of the county's deposits was \$462,368 and the bank balance was \$519,011. Of the bank balance, \$100,000 was covered by federal depositary insurance and \$419,011 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

At December 31, 1999, the reported amount of the county's deposits was \$485,961 and the bank balance was \$534,627. Of the bank balance, \$100,000 was covered by federal depositary insurance and \$434,627 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

At December 31, 2000, the reported amount of the Emergency 911 Board's deposits was \$107,086 and the bank balance was \$114,863. Of the bank balance, \$100,000 was covered by federal depositary insurance and \$14,863 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

Of the Emergency 911 Board's bank balance at December 31, 1999, \$100,000 was covered by federal depositary insurance and \$23,340 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

Investments

The investment of the various county funds at December 31, 2000 and 1999, included repurchase agreements with reported amounts of \$215,000 and \$200,000, respectively, (which approximated fair value). These investments represent uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name.

Supplementary Schedule

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451-186W	\$ 18,692	5,400
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	98-LBG-076	0	1,522
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	2,055	1,091
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-086(4)	2,996	203,410
		BRO-086(12)	242,435	2,768
		BRO-086(13)	197,474	3,503
	Program Total		<u>442,905</u>	<u>209,681</u>
State Emergency Management Agency -				
20.703	Interagency Hazardous Material Public Sector Training and Planning Grant	N/A	1,625	0
U. S. DEPARTMENT OF EDUCATION				
Passed through state Department of Elementary and Secondary Education -				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	N/A	1,468	609

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ER0146-9186CLPP	794	1,282
93.268	Immunization Grants	N/A	13,374	9,485
		PGO0064-9186IAP	0	1,690
	Program Total		<u>13,374</u>	<u>11,175</u>
93.575	Child Care and Development Block Grant	ER0146-9186CCH	815	1,195
93.991	Preventive Health and Health Services Block Grant	N/A	124	80
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-9186MCH	12,518	16,213
		N/A	622	398
	Program Total		<u>13,140</u>	<u>16,611</u>
	Total Expenditures of Federal Awards		\$ <u>494,992</u>	<u>248,646</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

PUTNAM COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Putnam County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$13,374 and \$9,485 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the

years ended December 31, 2000 and 1999. Amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$622 and \$398 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2000 and 1999.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Putnam County, Missouri

Compliance

We have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Putnam County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2000 and 1999.

Internal Control Over Compliance

The management of Putnam County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 21, 2001 (fieldwork completion date)

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements
noted? _____ yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes x no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PUTNAM COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PUTNAM COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

PUTNAM COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 21, 2001. We also have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 21, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Putnam County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Putnam County's Associate County Commissioners salaries were each increased approximately \$5,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,000 for the two years ended December 31, 2000, should be repaid.

The County Commission indicated that the Salary Commission believed it was following existing state law when setting these salaries, and the County Commission has requested legal counsel to provide a recommended course of action.

2. Hospital Financial Condition

As separately reported by another independent auditor in their audit report for the two years ended June 30, 2000, issued on October 5, 2000, the Putnam County Hospital has been experiencing a deteriorating financial condition over the last few years. While cutbacks have been made and more changes are planned, the Hospital Board of Trustees should continue to closely monitor the financial condition of the hospital.

3. County Financial Statements

The annual published financial statements did not include receipt and disbursement detail for several of the smaller county funds, as required by Section 50.800, RSMo 2000.

This Letter on Other Matters is intended for the information of the management of Putnam County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.